



House of Representatives

General Assembly

File No. 174

January Session, 2015

House Bill No. 6769

House of Representatives, March 23, 2015

The Committee on Higher Education and Employment Advancement reported through REP. WILLIS, R. of the 64th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE UNEXPECTED CLOSURE OF PRIVATE OCCUPATIONAL SCHOOLS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 10a-22c of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2015*):

4 (d) No certificate to operate a new private occupational school shall
5 be issued by the executive director pursuant to section 10a-22d until
6 such private occupational school seeking authorization files with the
7 executive director an irrevocable letter of credit issued by a bank with
8 its main office or branch located within this state in the penal amount
9 of forty thousand dollars guaranteeing the payments required of the
10 school to the private occupational school student protection account in
11 accordance with the provisions of section 10a-22u. The letter of credit
12 shall be payable to the private occupational school student protection
13 account in the event that such school fails to make payments to the

14 account as provided in subsection (a) of section 10a-22u or in the event
15 the state takes action to reimburse the account for a tuition refund paid
16 to a student pursuant to the provisions of section 10a-22v, provided
17 the amount of the letter of credit to be paid into the private
18 occupational school student protection account shall not exceed the
19 amounts owed to the account. In the event a private occupational
20 school fails to close in accordance with the provisions of section 10a-
21 22m, the executive director may seize the letter of credit, which shall
22 be made payable to the private occupational school student protection
23 account. The letter of credit required by this subsection shall be
24 released twelve years after the date of initial approval, provided
25 evidence of fiscal soundness has been verified.

26 Sec. 2. Section 10a-22m of the general statutes is amended by adding
27 subsections (d) and (e) as follows (*Effective July 1, 2015*):

28 (NEW) (d) In the event a private occupational school fails to meet
29 the requirements set forth in subsection (a) of this section and closes
30 prior to graduating all current students, the executive director may
31 seize the letter of credit filed by the private occupational school
32 pursuant to subsection (d) of section 10a-22c, as amended by this act,
33 and such letter of credit shall be made payable to the private
34 occupational school student protection account. The executive director
35 may expend funds from the private occupational school student
36 protection account as necessary to facilitate a teach-out of any
37 remaining students up to and including the issuance of a certificate of
38 completion pursuant to subsection (e) of this section. For purposes of
39 this subsection and subsection (e) of this section, (1) "teach-out" means
40 the completion of instruction of a course or program of study in which
41 a student was enrolled, provided the teach-out includes instruction of
42 the entire program of study when a course is a part of such program of
43 study, and (2) "certificate of completion" means the credential,
44 documented in writing, that is issued to a student who completes a
45 course or program of study offered by a private occupational school.

46 (NEW) (e) In the event of a private occupational school closure that

47 fails to meet the requirements set forth in subsection (a) of this section,
48 the executive director may issue a certificate of completion to each
49 student it determines has successfully completed such student's course
50 or program of study in which such student was enrolled at such
51 private occupational school.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	10a-22c(d)
Sec. 2	<i>July 1, 2015</i>	10a-22m

HED *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill conforms current practice with statute and is not anticipated to result in a fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 6769*****AN ACT CONCERNING THE UNEXPECTED CLOSURE OF PRIVATE OCCUPATIONAL SCHOOLS.*****SUMMARY:**

This bill allows the Office of Higher Education's (OHE) executive director to seize a private occupational school's letter of credit if the school (1) closes before graduating all current students and (2) does not meet statutory requirements for closing. The letter becomes payable to the private occupational school student protection account (see BACKGROUND).

The bill allows the executive director to (1) spend funds from the account as needed to facilitate a "teach-out" of any remaining students and (2) issue completion certificates to students whom the office determines have successfully completed their course of study. Under existing law, the account is used to provide tuition refunds to students who do not complete a course because of a school's insolvency or closure (see BACKGROUND).

The bill defines a "teach-out" as the completion of a course or program of study in which a student was enrolled. If the course is part of a program of study, then the teach-out must include the entire program. A completion certificate is a written credential issued to a student who completes a course or program of study offered by a private occupational school.

Private occupational schools are privately controlled schools that offer instruction in trades or industrial, commercial, professional, service, or other occupations for remuneration. By law, a private occupational school must provide at least 60 days' notice to the OHE executive director before closing. The school must also, among other

things, provide evidence that all current students' coursework is or will be completed.

EFFECTIVE DATE: July 1, 2015

BACKGROUND

Letter of Credit

By law, a private occupational school must file an irrevocable \$40,000 letter of credit, issued by a bank with its main office or branch located in Connecticut, guaranteeing the school's payments to the private occupational school student protection account.

Student Protection Account

This account is used to make tuition refunds to students unable to complete a course at a private occupational school because the school becomes insolvent or ceases operating. It is funded by (1) quarterly assessments on private occupational schools' tuition revenue received from Connecticut students and (2) other fees related to the schools' operations.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 16 Nay 1 (03/05/2015)